



San Jose Fire Fighters • Local 230

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June 21, 2010

Via E-Mail Only

Alex Gurza, Director of Employee Relations
City of San Jose
200 East Santa Clara Street
San Jose, CA 95113

**Re: IAFF Local 230 and City of San Jose
(2009 MOU Negotiations)**

Dear Alex:

L230 is writing to inform you that the offer the city rejected from San Jose Fire Fighters L230's proposal, made this morning June 21, has been modified to eliminate the "option 1 " feature found under the "Health Care Cost Reductions" sub category on page 1. As you know this proposal moved away from the 2 option proposal we had made previously and incorporates all of the key provisions we have been made aware of as we have worked in a collective effort with SJPOA. We hope we now have a deal.

San Jose Fire Fighters L230 Contract Proposal of June 21, 2010

- A. Term: July 1, 2009 – June 30, 2011.
- B. Base wage increases = 0%.
- C. Effective July 1, 2010, L230-represented employees would make the following contractually agreed additional member retirement contributions:
 - 1. Members would contribute—pre-tax—five and one quarter percent (5.25%) of their base pay which would be transferred to the Police & Fire Retirement System, as an additional member contribution to prior service retirement costs. We believe that this would permit the City to reduce its retirement costs by the same amount.

We agree to the implementation language submitted by Mr. John Tennant on behalf of the SJPOA as is referenced in footnote 1 of George Beattie's letter of today to you forwarding the SJPOA's contract offer.

2. Additional savings to the City of approximately \$2.8 million per year are reaped from the 2 years of 0% salary proposal, because the Police & Fire Retirement System assumes a 4.25% annual salary increase.
 3. This additional retirement contribution ceases or "**sunsets**" on **June 30, 2011**.
- D. As was directed by the City council in adoption of the March Budget Message for Fiscal Year 2010-2011; "To the extent possible, concessions from non-sworn bargaining units should primarily be used to save non-sworn positions, and savings from the sworn bargaining units should be primarily used to save sworn positions."
- E. Healthcare Concessions effective July 1, 2010:
1. Healthcare HMO Plan Design Effective July 1, 2010, co-pays for all available HMO plans shall be as follows:
 - a. Office Visit Co-pay shall be increased to \$25
 - b. Prescription Co-pay shall be increased to \$10 for generic and \$25 for brand name
 - c. Emergency Room Co-pay shall be increased to \$100
 - d. Inpatient/Outpatient procedure Co-pay shall be increased to \$100
 2. Health/Dental In Lieu

Effective June 27, 2010, employees who qualify for and participate in the payment-in-lieu of health and/or dental insurance program will receive the following per pay period:

| | Health In-Lieu | Dental In-Lieu |
|--------------------------------------|----------------|----------------|
| If eligible for family coverage: | \$221.84 | \$19.95 |
| If NOT eligible for family coverage: | \$89.09 | \$19.95 |

A City employee who receives healthcare coverage as a dependent of another City employee or retiree shall be deemed not eligible for family coverage.

3. Healthcare Dual Coverage

An employee may not be simultaneously covered by City-provided medical benefits as a City employee, and as a dependent of another City employee.

An employee may not be simultaneously covered by City-provided dental benefits as a City employee, and as a dependent of another City employee.

4. Health Insurance Coverage

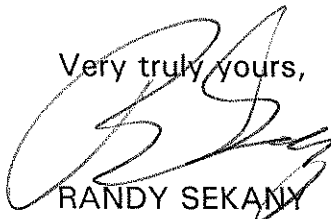
Effective June 27, 2010 the City will pay eighty-five percent (85%) of the full premium cost of the lowest cost plan for employee or for employee and dependent coverage and the employee will pay fifteen percent (15%) of the premium for the lowest priced plan for employee or for employee and dependent coverage. If an employee selects a plan other than the lowest priced plan, the employee shall pay the difference between the total cost of the selected plan and the City's contribution towards the lowest priced plan for employee or for employee and dependent coverage.

- F. Effective July 1, 2010, the parties agree that for the next five (5) fiscal years, bargaining unit employees shall contribute on a pre-tax basis towards retiree medical benefits, a contribution per employee, on a percentage basis equal to, but not more than the percentage contribution per employee made by active San Jose police officers.

The parties agree that the contributions made effective July 1, 2010 shall be held in trust for the sole and exclusive purpose of funding firefighter retiree healthcare benefits.

There shall be no other changes to the MOU between the City and San Jose Fire Fighters IAFF Local 230.

Very truly yours,



RANDY SEKANY
President